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Message Text

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64
ACTION COME-00

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 NEA-14 DRC-01 /154 W
---------- 066375
R 290138Z MAY 74
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC 5176
INFO AMEMBASSY BANGKOK
CINCPAC
AMCONSUL HONG KONG
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY PHNOM PENH
AMEMBASSY SINGAPORE

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CINCPAC FOR POLAD

E.O. 11652: GDS, DECLAS 5/31/74
TAGS: ENGR, VS
SUBJECT: RESULTS OF SECOND ROUND BIDDING READY FOR CABINET APPROVAL

REF: SAIGON 6630

1. SUMMARY - NPB'S RECOMMENDATION FOR AWARD OF 9 BLOCKS TO 5 OIL FIRMS OR CONSORTIUMS IS EXPECTED TO BE APPROVED AT MAY 29 CABINET MEETING. SUNNINGDALE GROUP'S BID HAS BEEN REJECTED. SIGNATURE BONUSES NOW TOTAL $34.4 MILLION, WORK PROGRAMS $71 MILLION, AND EDUCATIONAL BONUSES $432,000. END SUMMARY

2. RESULTS OF SECOND ROUND BIDDING FOR OFFSHORE OIL CONCESSIONS ARE EXPECTED TO BE APPROVED AT MAY 29 CABINET MEETING. NO DIFFICULTIES
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ARE ANTICIPATED. AFTER CAREFULLY EVALUATING BIDS NATIONAL

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PETROLEUM BOARD (NPB) REACHED SAME CONCUSIONS AS
REPORTED REFTEL EXCEPT FOR REJECTION OF SUNNINGDALE GROUP'S
BID FOR BLOCK 12, HALF OF WHICH IS IN AREA DISPUTED WITH INDONESIA.
SUNNINGDALE'S GROUP INCLUDES BOW VALLEY INDUSTRIES, SIEBENS, AND
SANTA FE INTERNATIONAL. NPB'S DECISION BASED ON GROUP'S UN-
ACCEPTABLY LOW SIGNATURE BONUS OF $50,000 AND ATTACHMENT OF
CONDITIONS TO BID. NPB OFFICIALS FEEL THAT ONCE PROBLEM OF OVER-
LAPPING CLAIMS IS RESOLVED, NPB WOULD BE ABLE TO OBTAIN MUCH MORE
SIGNATURE BONUS THAN OFFERED BY SUNNINGDALE GROUP.

3. FOREGOING DECISION PLUS MOBIL-KAIYO'S OFFER TO PAY $500,000
IN ADDITIONAL SIGNATURE BONUSES FOR EACH BLOCK AWARDED TO GROUP
HAVE INCREASED TOTAL SIGNATURE BONUSES TO $34.4 MILLION. TOTAL
WORK PROGRAM, HOWEVER, FELL TO $71 MILLION. GVN OFFICIALS ARE
PLEASED AT SIZE OF SIGNATURE BONUSES, WHICH ARE AT LEAST AS LARGE AS
EXPECTED AND MORE THAN DOUBLE FROM FIRST ROUND. THEY NOTE THAT
ON SQUARE KILOMETER OF CONCESSION AREA SIGNATURE BONUSES ARE
THREE TIMES MORE THAN IN FIRST ROUND. NPB EXPECTS TO RECEIVE
BONUSES IN JULY.

4. NPB IS ALSO PLEASED TO HAVE WELL-KNOWN FIRMS FROM MANY
COUNTRIES COMING TO VIETNAM FOR FIRST TIME. SINCE OMCO
WILL BE AWARDED FOUR BLOCKS, THIS FIRM HAS AROUSED CONSIDERABLE
INTEREST. NPB OFFICIALS STATE OMCO IS BERMUDA REGISTERED,
WHOOLY-OWNED SUBSIDIARY OF ISRAEL NATIONAL OIL COMPANY.

5. EDUCATIONAL BONUSES TOTAL $432,000 ANNUALLY AS COMPARED
WITH $300,000 IN FIRST ROUND.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OFFSHORE DRILLING, PETROLEUM CONCESSIONS, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SAIGON06989
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740134-0128
From: SAIGON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740510/aaaaaitu.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: SAIGON 6630
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUL 2002 by kelleyw0>; APPROVED <26 MAR 2003 by ShawDG>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RESULTS OF SECOND ROUND BIDDING READY FOR CABINET APPROVAL
TAGS: ENRG, VS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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